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THE DEFENSE CONTRACT MANAGEMENT COMMAND
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IN REPLY
REFER TO

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MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS

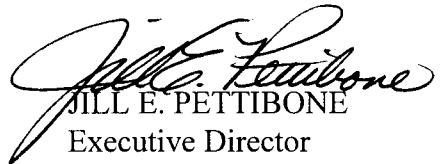
SUBJECT: DCMC Memorandum 97-27, Guidance on Establishing Effective Management
Councils (INFORMATION)

This is an INFORMATION memorandum. It expires when content is included in DLAD 5000.4, Contract Management (One Book), not to exceed one year. Target Audience: all DCMC employees.

Management councils have proven to be extremely successful in promoting better teamwork, communication, and cooperation between contractors, DCMC, Defense Contract Audit Agency (DCAA), and our major customers. They have enabled us to tackle and correct problems that before would have been extremely difficult to solve.

Over the past several months, we have been working to expand the role of management councils to serve as the ideal forum for fostering process improvements and for successfully managing initiatives for reducing acquisition oversight. The attached White Paper provides further insights on areas where management councils might be effective. It is intended for your information and use when establishing and managing local management councils.

Should you have any questions about the attached information, please contact Ms. Marialane Schultz at (703) 767-2471 or DSN 427-2471.


JILL E. PETTIBONE
Executive Director
Contract Management Policy

Attachment

White Paper on Management Councils

A management council is established at a contractor facility and consists of a senior contractor representative, a senior program office representative(s), a senior DCMC representative and a senior DCAA representative. It should meet frequently to bring forward, coordinate and seek resolution of issues of common concern which affect the efficiency and effectiveness of contractor operations at the facility.

The management council concept originated under the Reinvention Laboratory for the Reduction of Contractor Oversight, when there was an immediately apparent need for an organizational mechanism to encourage thorough discussion of reinvention ideas. When individuals tried to discuss possible changes, they realized time was wasted unless all of the affected parties were present to hear and discuss the issues together. Communication of ideas is the pacing factor in implementing changes. Once this was recognized, the concept of the management council was created and promulgated in all ten reinvention laboratory sites.

Based on this positive experience, when the Single Process Initiative (SPI) was launched, the management council concept became the centerpiece for facilitating the necessary understanding of proposals and securing the necessary agreements from each of the affected parties. Therefore, when SPI began, DCMC directed its field commanders to establish management councils at all of the major DoD contractors as well as others where it seemed appropriate. Although not completely instituted, management councils can be found today at most of the major DoD contractor facilities.

Management councils offer the opportunity to facilitate other improvement projects than just SPI. Members of the council can bring any issue forward for discussion and resolution. For example, the management council is an excellent place to coordinate perceived needs for red team reviews, audits, evaluations, etc. Rather than sending in teams of individuals (a form of oversight) to check on particular concerns, it might be possible for the inquirer to use existing information recently obtained from the same or similar examination by others. This exchange of information to satisfy information needs with a minimum disruption and cost impact is made possible by the use of management councils.

Although management councils have been proven to be successful, success requires several mandatory features. First, the representatives of the four parties (contractor, program office, DCMC and DCAA) must be senior enough to commit their organizations to a course of action except for the most unusual circumstances. Second, the councils must meet frequently. Monthly is preferred. Third, councils must be persevering because the trust and openness required to succeed are achieved only through iterations of work at communicating. Council sessions must be more than just meetings. The members must know and trust each other with the expectations that professional disagreements will likely occur at times. The challenge is the continuous pursuit of solutions which are acceptable to all.

In view of the above, DCMC recommends most highly that the use of management councils be encouraged from the top of the DoD acquisition leadership down to program managers, DCMC field commanders and DCAA resident auditors. In addition, industry must be encouraged to do the same. Management councils are key tools for accelerating improvements in the acquisition process.